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13 February 1961

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# CENTRAL INTELLIGENCE BULLETIN



[Redacted line]

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State Dept. review completed

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| 4. | Communist China may be holding conference of<br>ambassadors to discuss foreign and domestic prob-<br>lems. ( <i>Page itt</i> ) |      |
| 5. | South Korean activities impede improvement of re-<br>lations with Japan. ( <i>Page itt</i> )                                   |      |
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[REDACTED]

Communist China: Peiping's envoys to at least ten bloc and nonbloc countries were absent from their posts in early February, suggesting that they and others of their colleagues may have been recalled to Peiping for an ambassadorial conference. Although no formal meeting has been announced, a conclave at this time would almost certainly take into account the change of administration in the United States, the status of Sino-Soviet relations since the Moscow conference, emergency situations such as Laos, and the regime's domestic problems arising from food shortages and other economic difficulties. [REDACTED]

Japan - South Korea: Japan's expectation that the formation of a new government in South Korea would lead to early establishment of diplomatic relations and abolition of the controversial Rhee Line prohibiting Japanese fishing in international waters has diminished as a result of recent South Korean actions. Among these have been the seizure of a Japanese fishing vessel for violating the Rhee Line, Seoul's cancellation of a visit by a Japanese economic mission, and the unanimous passage of a resolution by the South Korean House of Representatives opposing early normalization of relations and insisting on retention of the Rhee Line. Although there have been mitigating circumstances surrounding these incidents and Chang Myon's government seems genuinely anxious to reach a settlement with Japan, South Korean negotiators have indicated that strong pressures from political opponents and business elements are hindering the government's efforts in this

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direction. Within Japan, the South Korean actions are likely to give added support to the Socialists and other elements which oppose an agreement with Seoul on the grounds that it would be prejudicial to prospective Japanese interests--mostly economic--in North Korea.

[redacted] (Map)

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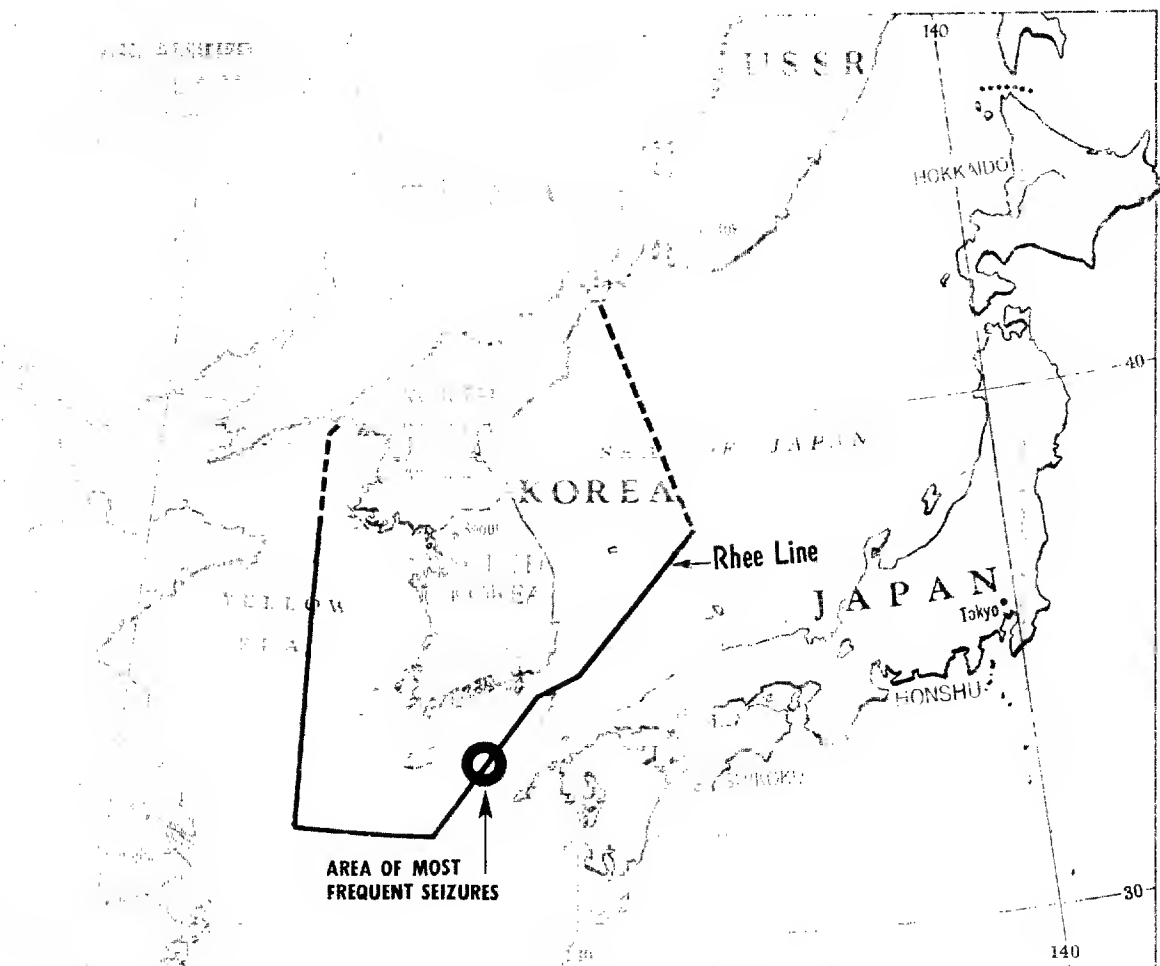
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Japanese - South Korean Relations

Discussions between Japan and South Korea for a post-World War II settlement began in October 1951. Major outstanding issues consist of a basic relations treaty, the status of some 550,000 Koreans living in Japan, claims to vessels of Korean registry which were taken by the Japanese during their withdrawal in 1945, mutual property claims, and fishing rights in international waters around Korea. Behind the issues have been general Korean bitterness toward Japan for its 40-year occupation of the country

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The negotiations have been stormy and have been suspended frequently by Seoul following refusals by the Japanese to accede to South Korea's "all or nothing" demands. Tokyo usually has made compromise offers, but Seoul's position has been essentially negative. Except for exchanges of captured Japanese fishermen and Korean nationals detained in Japan for illegal entry, there has been little progress. Following the most recent resumption of talks in October 1960, however, the Chang Myon government has demonstrated more interest than the Rhee administration in negotiating in good faith for a settlement.

The most difficult issue is that of fisheries. In January 1952, Rhee unilaterally proclaimed his "peace line" excluding Japanese fishermen from rich fishing grounds adjacent to Korean territorial waters. The line is approximately 1,600 statute miles in length and extends between 20 and 200 miles off the Korean coast. As a precedent, Rhee cited a protected Korean fishing zone established earlier by General MacArthur. Later he asserted that the Sea Defense Zone established by General Clark during the Korean war supported the Korean position.

Since the line was established, South Korea has seized 173 Japanese fishing vessels, of which 150 have been confiscated, 2 have been sunk, and 21 released. Of 2,230 Japanese fishermen captured, most were imprisoned for periods ranging between six months and five years; five died in captivity. Three seizures have occurred since Rhee was ousted in April 1960,

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the most recent on 13 January. In the past, Rhee used the captured fishermen as hostages to extract concessions from Tokyo on issues other than fishing, but Seoul currently is in the process of releasing the last five Japanese fishermen it holds.

The Chang Myon government believes that the South Korean economy would benefit appreciably from the normalization of relations and it is committed to an early settlement of differences. Many Koreans, however, fear that a normalization of relations would eventually lead to Japanese economic and cultural domination of South Korea even though political independence is retained. Opposition political elements and business groups with a vested economic interest in preventing a normalization of trade relations with Japan are attempting to aggravate such public fears.

On 23 January Seoul called off the visit of a private Japanese business mission after police reports indicated that there would be public demonstrations and possible violence. Minor South Korean leftist parties have formed a "National Anti-Japanese Struggle Committee." Conservative opposition members spearheaded passage of a resolution in the House of Representatives on 3 February upholding the continued defense of the Rhee Line and opposing full normalization of relations until all "historical problems" had been settled, including the complex claims issue. The resolution also opposed the normalization of economic relations until after formal diplomatic relations were established.

Japan desires a settlement principally to remove the existing threat to its fishing operations and has proposed a conservation agreement which would restrict Japanese fishing within a broad area covered by the Rhee Line and prohibit it altogether in certain portions. In addition, trade and investment opportunities in South Korea hold considerable attraction. Tokyo, however, is limited in the concessions it feels able to make because of public outrage over the South Korean seizures and leftist arguments that Seoul's inability to speak for all of Korea exposes the Japanese to double jeopardy in the event North Korea presents claims of its own.

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